

**Health Commission
City and County of San Francisco
Resolution No. 22-01**

**RESOLUTION RECOMMENDING THAT FUNDS RECLAIMED THROUGH THE SAN FRANCISCO CITY OPTION
ESCHEATMENT PROCESS BE USED FOR HEALTH CARE SERVICES IN SAN FRANCISCO**

WHEREAS, The Health Care Security Ordinance (HCSO) passed by the San Francisco Board of Supervisors in 2006 established the Healthy San Francisco Program (HSF) and an employer spending requirement (ESR); and

WHEREAS, In 2008, San Francisco Department of Public Health (DPH) launched the San Francisco City Option Program (SFCO) as one way for employers to meet ESR, and contracted with the San Francisco Health Plan to provide third party administrator services for both HSF and SFCO including managing the Medical Reimbursement Account (SF MRA) benefit and subsequently the Pool Account starting in 2016; and

WHEREAS, The main employee benefit offered through SFCO is the SF MRA benefit, where ESR funds are placed into an individual account for a covered employee. Employees can then reimburse themselves from available funds in their SF MRA for eligible health care expenses incurred on behalf of themselves and their family members; and

WHEREAS, Since 2008, approximately 4,300 employers have chosen to meet the ESR through SFCO, and over 500,000 employees have received contributions; and

WHEREAS, In 2014, the San Francisco Board of Supervisors amended the HCSO to make all health care expenditures paid by employers irrevocable; and

WHEREAS, Employee SF MRA accounts are deactivated after 24 months since 2015 if there have been no employer deposits nor any employee claims. Employees are notified and provided six (6) months to prevent their funds from being deactivated. Employees are allowed to reactivate their accounts at any time in the future by contacting the program. The current reactivation rate is approximately 10%; and

WHEREAS, In 2016, SFCO established a Pool Account where funds for new covered employees are initially deposited. The Pool Account holds money for employees who have not yet completed enrollment into any SFCO program. Over time, and due to the growth in SFCO, unused funds have accumulated. Unlike SF MRA, there is no deactivation process for the Pool Account; and

WHEREAS, The Health Commission approved the SFCO Simplification Project in 2021, consisting of multiple projects to establish SF MRA as the sole employee benefit, given its broad use and popularity, to streamline enrollment into the program, to improve data quality and to increase employee engagement and utilization; and

WHEREAS, DPH, Controller, and Treasure and Tax Collector (TTX) have agreed that all inactive SFCO funds, both the Pool Account and SF MRA, after three (3) years of inactivity and following State

statutory requirements, should be escheated to the General Fund following the City's current escheatment process managed by TTX; and

WHEREAS, the San Francisco Health Commission approved the escheatment process at its January 4, 2022 meeting; and

WHEREAS, The City of San Francisco, under the leadership of Mayor London Breed, has prioritized development of innovative initiatives related to homelessness, substance use and overdose prevention, and mental health services; therefore, be it

RESOLVED; The Health Commission recommends that the Mayor, Board of Supervisors, Controller, and Treasurer and Tax Collector, ensure that all funds recovered through the escheatment process and transferred to the City General Fund, be utilized for health care-related programs and services; and be it

I hereby certify that the San Francisco Health Commission at its meeting on January 4, 2022 adopted the foregoing resolution.

Mark Morewitz, MSW
Health Commission Executive Secretary